

Message Text

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PAGE 01 DUBLIN 01072 291853Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 /021 W
-----025846 300642Z /23
R 291551Z MAR 78
FM AMEMBASSY DUBLIN
TO SECSTATE WASHDC 0354
USDOC WASHDC

UNCLAS DUBLIN 01072

E.O. 11652: N/A
TAGS: BENC, EI
SUBJECT: MAJOR PROJECT: SHANNON ESTUARY COAL FIRED POWER
STATION

REFS: A) STATE 70702; B) DUBLIN 229; C) 77 DUBLIN 2494

1. ECONOFF MET ON MARCH 22 WITH OFFICIALS FROM
ELECTRICITY SUPPLY BOARD (ESB) INCLUDING PROJECT MANAGER
FOR SHANNON ESTUARY COAL-FIRED POWER STATION (JIM BYRDEN).
ESB REPRESENTATIVES INDICATED THAT TWENTY COMPANIES HAVE
RECEIVED TENDER DOCUMENTS FOR PROJECT BOILERS OF WHICH
FOUR ARE AMERICAN -- BABCOCK AND WILCOX, COMBUSTION
ENGINEERING, RILEY STOKER AND FOSTER WHEELER. DOCUMENTS
RELATING TO TURBINES ARE SCHEDULED TO BE MAILED IN MAY
WITH BID DEADLINE OF SEPTEMBER 30. FIFTEEN FIRMS ARE
INCLUDED ON LATTER LIST INCLUDING TWO US, I.E.
WESTINGHOUSE AND GENERAL ELECTRIC (REPRESENTATIVES OF
BOTH HAVE ALREADY MADE A PRELIMINARY VISIT TO ESB ABOUT
PROJECT).

2. THE FOUR-PHASED PROJECT SCHEDULE CALLS FOR THE
COMPLETION OF THE FIRST TWO UNITS BY MARCH 1, 1985 AND
MARCH 1, 1986. THE THIRD AND FOURTH UNITS ARE OPTIONAL
AND SO IDENTIFIED IN TENDER DOCUMENTS. COMPLETION DATES
FOR THEM, IF UNDERTAKEN, WOULD BE MARCH 1, 1987 AND
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MARCH 1, 1988. THE UNITS WOULD ALL BE BASICALLY COAL FIRE
BUT WOULD HAVE AN OIL CAPABILITY. THE COAL SPECIFICATIONS
INCLUDED ARE FOR "DESIGN COAL". THE ESB ESTIMATES THAT
APPROXIMATELY ONE THIRD OF ITS SUPPLY WILL COME FROM
THE UK, AN ADDITIONAL THIRD FROM POLAND AND THE REST
FROM UNSPECIFIED SOURCES. EXPECTATIONS ARE THAT MOST OF
THE BALANCE WOULD COME FROM AUSTRALIA AND CANADA.

SULPHUR CONTENT WOULD BE 1.5. A SIGNIFICANT AMOUNT OF OIL EXPLORATION IS UNDERWAY HERE AT PRESENT AND INCLUSION OF OIL CAPABILITY IN PROJECT PRESERVES OPTION OF USE OF LOCAL ENERGY RESOURCES SHOULD COMMERCIALY EXPLOITABLE STRIKE BE MADE.

3. ESB PLANS ARE BASED ON THE ASSUMPTION OF CONTINUATION OF CURRENT HIGH GROWTH RATE OF DEMAND FOR ELECTRIC POWER. IN THE YEARS IMMEDIATELY PRECEDING 1973 IRELAND'S ANNUAL RATE OF INCREASE IN ELECTRICITY CONSUMPTION WAS ABOUT 10 PERCENT. FOLLOWING THE OIL CRISIS THE RATE DROPPED DRAMATICALLY. UNOFFICIAL FIGURES INDICATE THAT IT CLIMBED BACK TO 10 PERCENT IN 1977. ESB PLANNING ESTIMATES ASSUME AN ANNUAL DEMAND GROWTH RATE OF ABOUT 8.5 PERCENT THROUGH 1985. THE PROSPECTS FOR PROCEEDING ON UNITS 1 AND 2 ARE RATED AT ABOUT 90 PERCENT AT THE PRESENT TIME AND FOR 3 AND 4 AS VERY GOOD. A DECISION TO PROCEED WITH A NUCLEAR PLANT (REFS B AND C) MIGHT WELL, HOWEVER, RESULT IN THE ELIMINATION OR POSTPONEMENT OF UNITS 3 AND 4.

4. IN MOST RECENT PAST EUROPEAN SUPPLIERS ALSTHOM AND MAN GERMANY HAVE WON COMPETITION FOR TURBINES AND BOILERS RESPECTIVELY FOR THE TARBERT, POOLBEG AND AGHADA PROJECTS (FOUR 250 MW OIL FIRED UNITS). US FIRMS APPARENTLY CHOSE NOT TO COMPETE EXCEPT THROUGH EUROPEAN

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LICENSEES. ESB OFFICIALS BELIEVE THAT CURRENT EXCHANGE RATES WOULD IMPROVE US COMPETITIVENESS AND THAT RELATIVELY LOW LEVEL OF WORLD-WIDE DEMAND FOR GENERATING EQUIPMENT SHOULD MEAN GREATER THAN USUAL INTEREST ON THE PART OF US FIRMS IN IRISH PROJECTS.

5. PROJECTS MANAGER BYRDEN STRONGLY RECOMMENDS THAT US SUPPLIERS WITH A SERIOUS INTEREST IN THE SHANNON ESTUARY PROJECT SEND REPRESENTATIVES TO IRELAND FOR A COMPREHENSIVE EXAMINATION OF THE LOCAL SCENE. CONTRACTS WILL CALL FOR INCLUSION OF IRISH SUPPLIERS AND LOCAL ERECTION FIRMS. (WE UNDERSTAND THAT LOCAL GENERAL ELECTRIC SUBSIDIARY APCO HAS WON ALL RECENT MAJOR ESB CONSTRUCTION CONTRACTS).

6. EMBASSY WOULD BE DELIGHTED TO PROVIDE ANY ADDITIONAL INFORMATION WHICH WOULD BE HELPFUL TO US FIRMS INTERESTED IN THE SHANNON PROJECT. SHANNON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 29 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780137-0920
Format: TEL
From: DUBLIN
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780315/aaaaamca.tel
Line Count: 112
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 811ffebb-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 70702, 78 DUBLIN 229, 77 DUBLIN 2494
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3173788
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: SHANNON ESTUARY COAL FIRED POWER STATION
TAGS: BENC, EI
To: STATE COM
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/811ffebb-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014